

BUCKETS OF WATER INTO THE OCEAN:
Non-Public Revenue
in Public Charter and
Traditional Public Schools

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Buckets of Water into the Ocean: Non-Public Revenue in Public Charter and Traditional Public Schools

Executive Summary

Public education funding relies on revenues from a variety of sources, from local taxpayers to federal programs targeting students with specific needs. The vast sum of funding collected—in excess of \$600 billion annually—often masks which entities fund the education of our nation's youth. Questions of funding adequacy and equity across school sectors, school districts and individual schools are prominent in discussions of how to improve educational outcomes, especially for students from disadvantaged backgrounds. A year ago, our research team published the third in a series of national studies that uncovered a general lack of equity in the funding of the public charter school sector compared to the traditional public school (TPS) sector (Batdorff et al. 2014; Batdorff et al. 2010; Thomas B. Fordham Institute 2005). We found major discrepancies in the funding of all public schools, including traditional and charter. Nationally in academic year 2010-11, charter schools received a total of \$3,814 less in per-pupil revenues from all sources than did TPS—a funding gap of 28.4% that has grown larger over time (Batdorff et al. 2014).

The funding of K-12 education comes from local, state and federal public sources, but TPS and public charter schools also generate funding from private and philanthropic sources (see Table 2 below). In the majority of cases, TPS received slightly more revenue (\$571 per pupil) from non-public sources than did public charter schools (\$552 per pupil). Based on our 2014 national study, non-public revenue in general does not allow the public charter school sector to close the revenue gap with traditional public schools. In fact, it makes the gap larger (Batdorff et al. 2014).

In this follow-up to our 2014 report, we analyzed the non-public revenue received by public charter schools and TPS in the 15 states with both substantial charter school sectors and reliable data regarding the specific sources of non-public revenue. This is the first school funding study we know of that examines the categories of non-public revenues in the charter and TPS sectors and the extent to which non-public revenues vary across states and schools. We have five key findings:

1. Public schools receive large sums of money from non-public sources: almost \$6.4 billion for the TPS and nearly \$400 million for the public charter schools in the 15 states in our study;
2. Whether TPS or charters receive more non-public revenues on a per-pupil basis varies by state, with 12 of our states reporting more such revenue for public charter schools while three show more for TPS;

3. Traditional public schools receive most of their identifiable non-public revenues from food service and investment revenue, while charter schools receive most of theirs from philanthropy;
4. Philanthropic revenue varies dramatically within the charter school sector, with one-third of the charter students in our study receiving nearly 95% of all recorded charter school philanthropy and 34% of charter schools in the study reporting no philanthropic support of any kind;
5. Although charitable funds from philanthropies make up almost half of the non-public revenue in the charter sector, they account for only 2.5% of total charter revenues nationally and therefore cannot be expected to close the 21.7% total funding gap between charters and TPS in these 15 states.

Our findings reveal that both TPS and charters receive the lion's share of their revenue from public sources – further evidence that they are merely two different governance structures for public schools. At the same time, both TPS and charters are involved in the private-sector economy by selling meals to their students, reaping profits from their investments of reserve funds and competing for charitable funds. Although some charter school networks and individual schools receive non-public revenue that covers 10-15% of the per-pupil cost of education at their schools, no charter schools are more dependent on private funds than they are on public funds and more than a third of charter schools receive no revenue at all from private philanthropy.

The findings of the study reveal that private philanthropy alone cannot be relied upon to close the charter school funding gap in the U.S. Therefore, if children in public charter schools are to receive funding levels that are equitable to their peers in TPS, significant changes will have to be made in the public school funding laws in many states.

Acknowledgements

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Buckets of Water Into the Ocean: Non-Public Revenue in Public Charter and Traditional Public Schools

Introduction

The funding of K-12 education remains a contentious public policy issue. Questions of funding adequacy and equity across school sectors, school districts and individual schools are prominent in discussions of how to improve educational outcomes, especially for students from disadvantaged backgrounds (Downes & Stiefel 2008; Ladd 2008). Although scholars are divided regarding the extent to which money affects student outcomes in K-12 education (Jackson, Johnson, & Persico 2015; Hanushek, 1997; Burtless 1996), there is basic agreement that more education revenue is better so long as the increased resources are directed towards productive educational activities and programs (Murnane & Levy 1996). If you ask education practitioners, the majority will say that more resources will make their schools better.

Disputes over school funding are especially heated when they involve public charter schools. Charters are public schools that operate based on a performance contract and not as part of a traditional school district hierarchy. They often are free to enroll students from outside of any strict geographic boundary and to use innovative approaches in hiring practices and instruction. Charter schools

periodically face performance reviews, and if their performance is deemed to be unsatisfactory, they are closed. As public schools, charters receive most of their revenue from government sources, though most states have separate school funding laws that apply to charters as opposed to traditional public schools (TPS).

Because funding laws are different for charters and TPS, it is also possible that these two forms of public schools receive different amounts of funding to educate their students. To explore whether charters or TPS receive more per-pupil revenues than the other, three members of our research team (Batdorff, May, and Maloney) participated in a pioneering 2005 study called *Charter School Funding: Inequity's Next Frontier* (Thomas B. Fordham Institute 2005). Comparing charter school funding with the funding of district schools in 27 districts in 17 states, they found that charters received less revenue per-pupil than TPS in 26 of the districts and 16 of the states,¹

1 The only district with higher funding for charter schools was Albuquerque and the only state with a charter school funding advantage was Minnesota, the first state to establish charters. In both cases the funding differences were small and linked to special one-time grant programs for charters.

with the charter funding gap averaging \$1,801 per student or 21.7% of total funding.

Was this finding a statistical aberration? Charter schools were relatively new to most of the states in that first revenue study, which was based on financial data from the 2002-03 school year. As charters have matured – operating for more than 20 years in some states –and have increased in number, is it possible that the charter school funding gap has disappeared or at least markedly attenuated?

To determine if the charter funding gap was fleeting, the same three members of our research team participated in a second revenue study in 2010 called *Charter School Funding: Inequity Persists* (Batdorff et al. 2010). As the title suggests, they found that public charter schools continued to receive less average revenue per-pupil than did TPS. They collected revenue data from the charter and district sectors in 24 states for the 2006-07 school year, finding that charters were funded on average 19.2% less than TPS. The average gap was larger in the individual districts they examined, most of which were in urban areas, as charters received 27.8% less revenue than TPS in those districts.

One year ago, our research team published the third in this series of national studies of the funding of the public charter sector compared to the TPS sector (Batdorff et al. 2014). We titled that study *Charter School Funding: Inequity Expands* since we found that, nationally, charter schools received a total of \$3,814 less in per-pupil revenues from all sources compared to TPS. The charter school funding gap that was around 20% in 2002-

Some Researchers Dispute Our Findings

Some researchers dispute our findings, claiming that charters receive less money than TPS simply because they enroll fewer low-income students and students with disabilities. TPS consequently receive more funding to provide food service, special education programs, transportation and other extra services to educate these students (Miron & Urschel, 2010). However, data from the National Center for Education Statistics (NCES) show that, nationally, public charter schools enroll a higher percentage of students who qualify for free- or reduced-price lunch than do TPS (Wolf et al., 2014). Although charter schools do enroll somewhat fewer students with disabilities (9%) than TPS (12%), each of those “missing” charter school students with disabilities would have to cost an average of \$100,000 to educate in order for the small discrepancy in the enrollment of students with disabilities to completely explain the funding gap.

Other critics of our report counter that our methodology is flawed because we count as district revenue the funds received by districts that pass through the district to area charters. Traditional public schools often receive funds that are, in turn, given to charter schools. Failing to account for this funding mechanism would overstate the amount of revenue TPS receive. Critics also argue that charters might enroll a higher proportion of reduced-price lunch students than TPS but that TPS enroll a higher proportion of the very poor students who qualify for free lunch (Baker 2014). This charge that we count pass-through charter revenue as district revenue is false. We count all revenue based on where it ultimately ended up, as documented in audited financial statements, not based on where it was sent originally (see our methodology section below). The claim that charters enroll a lower proportion of free-lunch eligible students than TPS is also incorrect based on NCES data (Wolf et al., 2014).

Some researchers have additionally criticized our school revenue study for not focusing on school expenditures (Baker 2014). We maintain that a revenue study should focus on revenue, as the total revenue that an educational organization receives represents the actual amount of resources that are committed to that organization, regardless of how those resources are subsequently spent.* If one were interested in the total amount of federal taxes paid by Americans in a given year, one should not look at the total amount of federal government expenditures in that year because revenues are not the same as expenditures.

* The one source of funds that we excluded from the total for both charters and TPS is revenue from bond issuances, since those funds have to be repaid. We also excluded revenues for adult and preschool education because our study focused on revenues for K-12 education only.

03 and 2006-07 had grown to 28.4% in 2010-11, the last year for which data were available (Batdorff et al. 2014). After a decade of research on charter school funding, the data are conclusive that public charter schools, in general and under most circumstances, receive substantially less revenue than traditional public schools, and the gap is increasing.

To ensure that our research captures 100% of the dollars supporting public education, all three studies have included non-public sources of revenue, or what we refer to as “other.” The general label “other” captures all of the revenue that did not clearly belong in the *federal, state, local, public-indeterminate, or indeterminate* categories.² In our 2014 study, “other” revenue, or what we now refer to as *non-public revenue*, for TPS averaged \$571 per-pupil, slightly more than the \$552 average for charters in non-inflation adjusted dollars. Non-public revenue made up 4.5% of total revenue for TPS and 5.7% of total revenue for charters. What were the specific sources of the non-public funds received by TPS and charters? Were they similar across these two types of sectors? These are some of the questions that motivate this study.

Traditional public schools and public charter schools generate revenue from sources that do not rely on public support, such as school lunches, transportation, returns from investments, and most importantly for charter schools, philanthropy. Philanthropic giving has contributed to the expansion of charter schools in important ways (Cohen 2007; Scott & DiMartino 2008).

2 The proportion of revenue in the “indeterminate” category was small, averaging 0.2% for TPS and 4.0% for charters. The proportion in “public-indeterminate” was even smaller, essentially 0 for TPS and 1.2% for charters.

Philanthropies provide funds to scale up and replicate successful charter models in hopes of improving educational opportunities for traditionally underserved students (Lake 2007; Scott 2009). Such activity has generated a widespread perception that charter schools receive large amounts of revenue from philanthropic giving, but how much of the non-public revenue of charters is actually from philanthropies? How evenly is that philanthropy spread across the entire population of public charter schools?

Some researchers have suggested that philanthropic giving offsets discrepancies in the funding of charter schools. In other words, charter schools are adequately and fairly funded despite lower investments of public dollars than TPS because the substantial amount of philanthropic revenues compensates for any shortfall (Baker & Ferris 2011; Forman 2007; Miron et al 2015). This report sheds new light on this claim by examining data to determine the extent philanthropic funds, as a type of non-public revenue, close the charter school funding gap. Our hope is that this report will help to clarify how non-public revenues finance charters and TPS.

For the remainder of the report, we proceed as follows: First, we present our research sample and methodology. Second, we present the total amounts of non-public revenue received by the charters and TPS in our 15-state sample during the 2010-11 school year. Third, we break out the non-public revenue totals by individual state and compare the charter and TPS sectors regarding the average amount of non-public revenues they each receive on a per-pupil basis. Fourth, we describe the specific sources of non-public revenue in the charter and TPS sectors, nationally and for individual states in our study.

Fifth, we look more carefully at philanthropy as a specific source of non-public revenue for public charter schools, especially the extent to which the amount of philanthropic revenue varies across schools in the charter sector. We conclude by discussing the policy implications of our findings.

Research Methodology

The goal in these education revenue studies is to document and compare the revenue provided to public charter schools and traditional public schools in states and localities with a substantial presence of charters. The aim is to collect and analyze actual revenue data received by charters and TPS. To accomplish this, we rely on official state sources of K – 12 revenue data – what historians call “primary sources.” In some states, revenues are distributed directly to charter schools. State accounting systems for these revenues are separate, clean and transparent. In many other states, charter school revenues are included in TPS total revenues after which funds are passed through to the charter school where students are enrolled.

When funding passes through a TPS to a public charter school, we take extra care to identify these pass-through government revenues and deduct them from traditional district totals. Audited financial statements of individual public charter schools help us to consistently account for pass-through funds. Whenever we can’t be certain if district revenues passed through to charters or not, we credit the revenue to charters. With this process, we avoid double counting revenues within a state, as well as inflating (TPS) or deflating (public charter schools) the revenue received to educate students, though we

likely underestimate the total amount of revenues received by TPS.

We acknowledge that TPS and charters sometimes engage in different activities in support of their students, such as providing extra meals, transportation or tutoring. Our revenue studies simply establish how much money has been provided to TPS and charter schools in a given jurisdiction, in total and on a per-pupil basis, and where those funds came from. Questions regarding how those resources ultimately were spent are separate issues that are distinct from our purposes here. We are of the school of thought that revenue studies should be about revenues, not expenditures.

We seek to be comprehensive in our identification of all the revenue received by both TPS and charters that could be spent on supporting students. The only revenues we exclude from our calculations are the proceeds from bond issuances, since those amounts must be repaid, as well as revenues associated with Pre-K and adult education, since our work is concerned with K – 12 education.

We also avoid excluding certain batches of revenue that are spent on particular activities, such as school lunches, transportation, or special education services. We have adopted our comprehensive revenue documentation methodology for three important reasons: First, it is the only way to establish, with validity, the total amount of revenues received by different types of public schools. Total revenues received, net of any pass-through funds that go to the other sector, are descriptively accurate and reflect the resources directed to the schools in our studies. In that sense, our comprehensive measure of school revenue has *prima facie* validity.

Second, we avoid excluding other specific types of revenue besides Pre-K and adult education because doing so easily can introduce bias in the analysis. For example, some education funding researchers will exclude transportation expenses from comparisons between TPS and charter schools, since most TPS are required by law or regulation to provide transportation to their students while many charters are free to do so or not. Because charters often are not required to provide transportation, when they do so the expenditures can be hidden within spending line-items that are not obviously related to transportation, such as “miscellaneous student support services.” Under such circumstances, which are reasonably common in the education funding field, analysts would exclude actual transportation expenses from the TPS side of the comparison but not from the charter side of the comparison, generating bias. To avoid bias, in our comprehensive revenue comparisons we instead include all sources of revenue for both TPS and charters.

Third, we make no subjective judgments about what is acceptable revenue and what is unacceptable revenue. Other researchers make such subjective judgments, excluding large amounts of revenue from their comparisons because they fund large school expenditures — such as central office administration,

food service, etc. — that are larger in the TPS sector than in the charter school sector. Our approach, pure and simple, is to count all of the funds that charters and TPS actually receive, regardless of how they are expended. The fact that revenue was spent on central office administration does not, in our view, change the fact that it was revenue received by a school system.

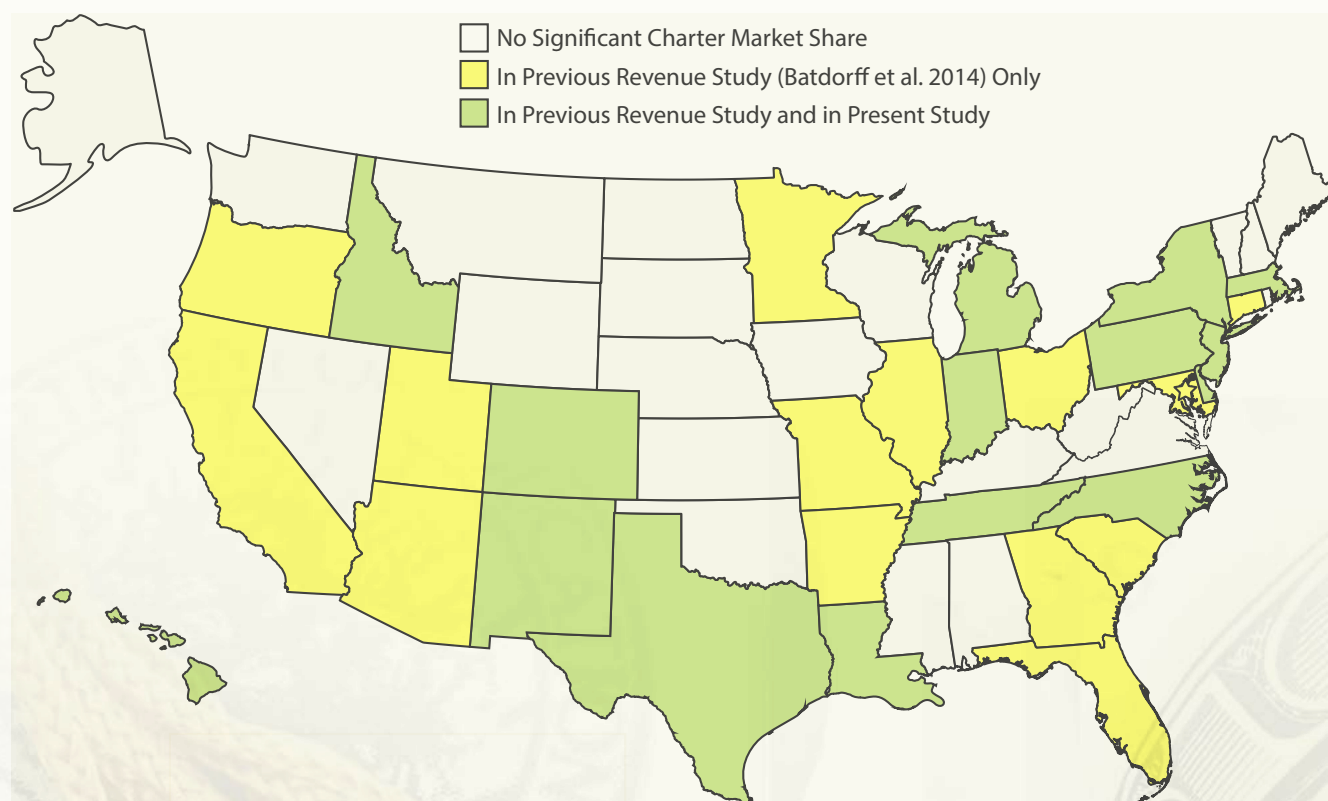
However, our detailed study of the non-public sources of school revenue in charters and TPS has one important limitation: Only a subset of states with a substantial charter school population have financial documentation that is clear and specific enough for us to assign non-public revenue to particular categories such as “food service”, “transportation”, “philanthropy”, etc. Since the unpacking of the general “non-public revenue” category is a core function of this study, we are forced by circumstances to exclude from the report half of the 30 states and the District of Columbia that we included in our 2014 revenue study (see Table 1). Thus, in the bulk of this report, we provide more fine-grained analysis of the non-public revenue received by charters and TPS within the smaller sample of U.S. states that permits us to do so. Figure 1 is a map depicting states included in our study sample.

Table 1: Study Sample

State	Included in Non-Public Sample	Per-Pupil Non-Public Revenue is Higher for Charters
Arkansas	No	No
Arizona	No	No
California	No	No
Colorado	Yes	Yes
Connecticut	No	Yes
Delaware	Yes	Yes
District of Columbia	No	Yes
Florida	No	Yes
Georgia	No	Yes
Hawaii	Yes	Yes
Idaho	Yes	Yes
Illinois	No	Yes
Indiana	Yes	No
Louisiana	Yes	Yes
Massachusetts	Yes	Yes
Maryland	No	No

State	Included in Non-Public Sample	Per-Pupil Non-Public Revenue is Higher for Charters
Michigan	Yes	No
Minnesota	No	No
Missouri	No	Yes
New Jersey	Yes	No
New Mexico	Yes	Yes
New York	Yes	Yes
North Carolina	Yes	Yes
Ohio	No	No
Oregon	No	No
Pennsylvania	Yes	Yes
South Carolina	No	No
Tennessee	Yes	Yes
Texas	Yes	Yes
Utah	No	No
Wisconsin	No	No

Figure 1: Map of Study Sample



An important feature of the 15 states in our non-public revenue report sample is that they disproportionately tend to be states in which the charter sector receives more non-public revenue on a per-pupil basis than the TPS sector. Of the 15 states in our sample, 12 (80%) of them have charter sectors that receive more per-pupil revenue specifically from non-public sources than their TPS sectors. Only three (20%) of them have charter sectors that receive less non-public revenue per-pupil than their TPS. Conversely, of the 16 jurisdictions (15 states and the District of Columbia) excluded from our study due to insufficient data clarity, six of them (37.5%) have charter sectors that receive more non-public revenue on a per-pupil basis than their TPS while ten of them (62.5%) are states where the charter sector receives less non-public revenue per student than the TPS sector. Because our sample is unrepresentative of the total population of states with charter schools, readers should interpret our findings as applying mainly to states where charters receive proportionately more non-public revenue than TPS and not necessarily to the many states in which TPS receive proportionately more non-public revenue than charters.

As we dug deeper into non-public sources of funding, we found some revenue items that had conflicting information. The data at a higher level of aggregation used for the 2014 revenue study indicated that some items had a non-public source of revenue so we had classified them as non-public revenue. However, lower levels of coding or notes indicated the source likely was public in origin. For example, one item in Colorado showed coding for non-public but included a reference note for the federal Individuals with Disabilities Education Act. In an abundance of caution for this deeper dive

on non-public funding, we excluded those dollars from this analysis. The exclusion is not to state that these are not revenues, so the overall totals from the 2014 revenue study are not affected. We wanted to make sure for this report that we only dealt with funds that we could identify beyond a shadow of a doubt as non-public funds. That is why some of the non-public revenue totals you will see for states in this study differ from the non-public revenue totals we reported in our earlier study.³

Finally, we report most of our comparisons on a per-pupil basis to control for the different enrollment sizes in the charter and TPS sectors. We exercised the same care in analyzing student enrollment data as we did with revenues. We used state-provided fall count day enrollments for all schools. Depending on a state's particular method of reporting enrollment, the official count could be either Average Daily Attendance (ADA) or Average Daily Membership (ADM). Given that we excluded Pre-K and Adult education revenues from our analysis, we excluded any Pre-K and Adult education counts from our enrollment analysis. Also, we examined TPS enrollments to determine if those files included public charter school students. If that were the case, we excluded the public charter school enrollments from the TPS enrollment counts to avoid deflating TPS revenues on a per pupil basis.

Having established the specific source of much of the non-public revenue received by TPS and charters, and the student enrollments in each sector, we were ready to perform our non-public revenue study. In the next sections, we present the findings from these analyses.

³ Ultimately, we excluded only 5.4% of the revenue that was categorized as nonpublic in the previous report.

Results

Overview

The purpose of this report is to document the sources of non-public funding in a more detailed manner and to compare them between charter schools and TPS. We also pay particular attention to the role that philanthropic giving plays in funding both types of schools.

Finding 1: Public Schools Receive Large Sums of Money from Non-Public Sources

According to our revenue study, in the 30 states and the District of Columbia where there was a substantial charter school market share, their TPS received a total of nearly \$20 billion and their charter sectors over \$850 million in non-public revenues in fiscal year 2011, which ran from July 1 of 2010 through June 30 of 2011.⁴ For the sample of 15 states that informs this study, their TPS received \$6.4 billion and their charter sectors \$379 million in 2011. Non-public revenues represent a meaningful amount of K-12 school funding in both public school sectors.

Table 2 shows the amount of funding that charters and TPS receive from non-public revenue sources on a per-pupil basis from our final 15-state sample. Revenues from non-public sources are smaller for TPS, amounting to \$353 per-pupil, than for charters, which receive an average of \$579 per-pupil from non-public sources. Charter schools thus receive \$226 more per-pupil than TPS from non-public funds in these 15 states. Relative to the amount that

TPS receive in non-public revenue, this difference amounts to a 64% advantage for charter schools.

Finding 2: Whether TPS or Charters Receive More Non-Public Revenues on a Per-Pupil Basis Varies by State

In some individual states, the charter sector receives significantly more per-pupil revenue from non-public sources than does the TPS sector. In Tennessee, charters on average receive four times as much non-public revenue per-pupil as TPS — \$1,548 compared to \$309. In Delaware and Massachusetts, charters receive more than twice as much revenue per-pupil from non-public sources as do TPS. Only three states in our sample – Indiana, Michigan, and New Jersey – have charter sectors that receive less in per-pupil revenue from non-public sources than do their TPS.

How important is this advantage in non-public revenue receipt by the charter sector compared to the TPS sector in our 15-state sample? The percentage of total school revenue that consists of non-public dollars in the charter sector ranges from a low of 1% (New Jersey) to a high of almost 15% (Hawaii), and averages 5.3% overall. For the TPS in our sample, the portion of their funding that comes from non-public sources ranges from a low of 1.2% (Pennsylvania) to a high of 6.3% (Indiana), and averages 2.6% for all states. In our 15-state sample, public charter schools hold a revenue advantage over traditional public schools regarding a revenue source that is non-trivial but modest in size relative to public sources of funding, a point that we will return to later in the report.

4 The exact totals are \$19,744,730,775 for TPS and \$852,925,396 for charters. These totals were calculated by multiplying the per-pupil national average of non-public revenue from Batdorff et al. 2014 times the student enrollment totals for each sector.

Table 2: Summary of Non-Public Revenues for 15-State Sample

State	Total Non-Public Revenue (Per-Pupil Dollars)			Total Revenue (Per-Pupil Dollars)		Total Non-Public Revenue as a Percent of Total Revenue (%)	
	TPS	Charter	Difference (TPS - Charter)	TPS	Charter	TPS	Charter
Colorado	602	950	-348	11,016	8,786	5.5	10.8
Delaware	474	1,551	-1,077	13,996	10,327	3.4	15.0
Hawaii	553	1,576	-1,023	14,161	10,562	3.9	14.9
Idaho	281	459	-178	7,884	6,087	3.6	7.5
Indiana	698	626	72	11,055	8,671	6.3	7.2
Louisiana	198	431	-233	12,220	11,134	1.6	3.9
Massachusetts	401	1,279	-878	17,020	14,027	2.4	9.1
Michigan	428	215	213	11,743	9,485	3.6	2.3
New Jersey	238	156	82	18,648	15,042	1.3	1.0
New Mexico	215	300	-85	11,008	10,336	2.0	2.9
New York	284	649	-366	21,152	15,920	1.3	4.1
North Carolina	349	448	-99	9,999	8,266	3.5	5.4
Pennsylvania	173	278	-104	15,045	12,495	1.2	2.2
Tennessee	309	1,548	-1,239	9,223	10,635	3.3	14.6
Texas	376	745	-370	10,939	10,690	3.4	7.0
Total	353	579	-226	13,628	10,922	2.6	5.3

Finding 3: Sources of Non-Public Funds Differ Across the Public School Sectors

Non-public school revenues all have one thing in common: they come from private and non-profit sources and not from any level of government. The specific sources of non-public revenue are varied and some are much more common in one of the public school sectors – either charter or TPS – than the other.

Figures 2a and 2b disaggregate the sources of non-public funds for each school sector and depict the proportion of non-public funds that these sources comprise. Non-public funds can be disaggregated into nine categories:

1. Non-public food service
2. Investment revenue
3. Non-public tuition
4. Non-public transportation services
5. Program revenue
6. Rental revenue
7. Enterprise/Community services
8. Miscellaneous revenue
9. Philanthropic funds and fundraising

TPS receive most of their non-public revenue from food service and miscellaneous sources (Figure 2a). As described in more detail in Appendix A, miscellaneous non-public revenues for TPS predominantly consist of items that we were not

able to assign definitively to one of the other specific non-public revenue categories. TPS also receive a significant share of non-public revenue from investment revenue. Approximately one third of non-public revenue for TPS comes from food service and one third from miscellaneous funds. At least 13% of non-public revenue comes from investment revenue.

On the other hand, philanthropic giving and fundraising make up almost half of the non-public revenue that charter schools receive (Figure 2b). The next-largest category of non-public revenues for charters is “miscellaneous” which, as with TPS, consisted of revenue with insufficient details for us to assign it to one of the specific categories of non-public. Other sources of non-public revenue do not make up substantial proportions of all non-public revenue for charter schools. In the remainder of this section, we describe what non-public food service, investment revenue, and philanthropic revenues entail and present comparisons of per-pupil revenues between charters and TPS for each of these three categories. For more discussion of the other six categories of funding, see Appendix A .

Non-Public Food Service

Almost all revenues designated to provide food services in schools come from local, state, or federal sources. However, some food service programs in

Figure 2a.

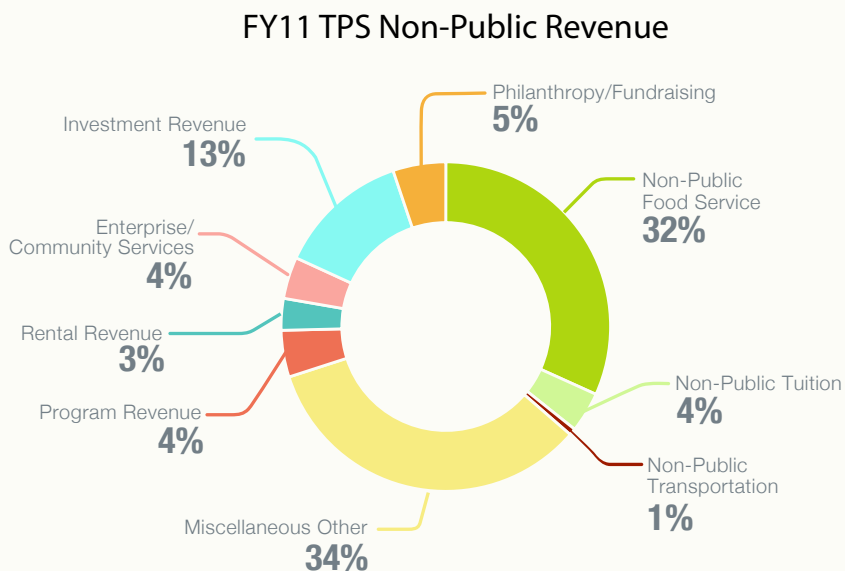
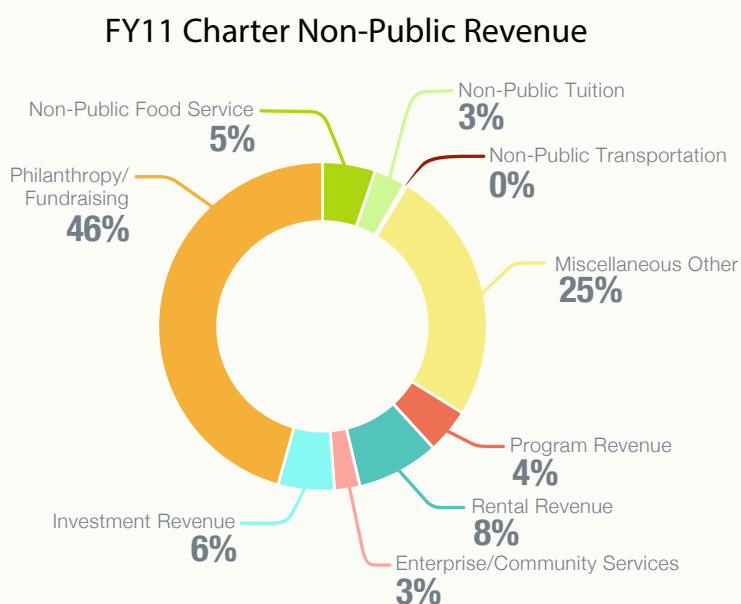


Figure 2b.



TPS and charters also generate revenue from non-public sources. For instance, students who do not qualify for free and reduced price lunch programs pay for their school meals out of pocket. Also, adults working within the school system are required to pay for any food purchased at the cafeteria. As is evident in Figures 2a and 2b, non-public food service revenue accounts for nearly one-third of non-public revenue

for TPS but for only 5% of non-public revenue for charter schools. These figures are also reported on the last row of Table 3. In raw per-pupil dollars, TPS generate about \$112 per pupil from food services while charter schools generate about \$30 per pupil. This gap of \$80 is roughly 73% of what TPS receive per pupil in non-public food service revenue.

Indiana has the highest average per-pupil revenue from non-public food service in its TPS sector, with \$191. North Carolina is second at \$162. The lowest average is New Mexico, at \$73, while three states in our sample (Delaware, New Jersey, and Pennsylvania) have insufficient information on this sub-category for us to make a clear determination of the average per-pupil amount of non-public food service revenue in TPS.

North Carolina has the highest average per-pupil revenue from non-public food service in its charter sector, with \$50, barely edging out Colorado. The lowest average is Tennessee, at \$7, while three states in our sample (Delaware, Hawaii, and New Jersey) have insufficient information on this sub-category for us to make a clear determination of the average per-pupil amount of non-public food service revenue received by their charters.

The largest difference across the TPS and charter sectors in per-pupil revenues from non-public food service is in Indiana, at \$143 higher for TPS, followed by Massachusetts and Tennessee, both at \$122 higher for TPS. The smallest differential across the sectors is in New Mexico, with \$58 more per-pupil in non-public food service revenue in TPS.

Table 3. Non-Public Revenue from Food Service

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	
Colorado	91,098,456	123	20.5	3,566,742	49	5.2	74
Delaware	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hawaii	27,470,945	154	27.9	N/A	N/A	N/A	N/A
Idaho	25,775,148	98	34.9	598,411	37	8.1	61
Indiana	193,117,456	191	27.4	1,080,851	48	7.7	143
Louisiana	50,272,600	80	40.2	736,887	20	4.7	60
Massachusetts	150,743,163	168	41.8	1,307,462	46	3.6	122
Michigan	191,655,894	133	31.1	3,109,142	28	12.8	105
New Jersey	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New Mexico	22,915,704	73	33.9	234,864	15	5.1	58
New York	304,460,135	116	40.7	1,553,447	29	4.5	87
North Carolina	222,864,175	162	46.3	2,075,170	50	11.3	112
Pennsylvania	N/A	N/A	N/A	607,356	7	2.4	N/A
Tennessee	120,242,467	128	41.3	42,910	6	0.4	122
Texas	624,740,249	137	36.4	4,850,146	41	5.5	96
Total	2,025,356,393	112	31.7	19,763,389	30	5.2	82

Investment Revenue

Investment revenue represents interest and dividends earned from such financial vehicles as bank deposits, bonds and mutual funds. Data for this non-public source of revenue are presented in Table 4. In the 15-state sample, TPS generate a greater percentage of non-public revenue (13%) from investment revenue than charter schools do (6%). TPS and charter schools generate \$46 and \$32 per-pupil, respectively, from this non-public revenue source. Charter schools receive \$14 per pupil less (a difference of about 30%) than TPS from investment revenue.

Hawaii has the highest average per-pupil revenue from investment revenue in their TPS sector, with \$156. Indiana is second at \$130. The lowest average is New Jersey, at \$4, while Tennessee has insufficient

information on this sub-category for us to make a clear determination of the average per-pupil amount of investment revenue in TPS.

Indiana has the highest average per-pupil revenue from investments in their charter sector, with \$114, edging out New Mexico, which has \$100. The lowest average is New Jersey, at \$2, while Hawaii has insufficient information on this sub-category for us to make a clear determination of the average per-pupil amount of investment revenue in their charters.

The largest differences across the TPS and charter sectors in per-pupil revenues from investments is \$44 more for TPS than charters in Michigan and \$43 less for TPS than charters in Massachusetts. The smallest differential across the sectors is in New Jersey, with \$2 more per-pupil in investment revenue in TPS.

Table 4: Non-Public Revenue from Investment Revenue

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	
Colorado	50,559,392	68	11.4	6,116,709	85	8.9	-17
Delaware	3,358,711	28	6.0	221,160	23	1.5	5
Hawaii	27,791,322	156	28.2	N/A	N/A	N/A	N/A
Idaho	5,876,241	22	8.0	92,827	6	1.3	16
Indiana	131,176,016	130	18.6	2,545,966	114	18.2	16
Louisiana	36,842,851	58	29.4	800,627	22	5.1	36
Massachusetts	37,871,238	42	10.5	2,408,968	85	6.7	-43
Michigan	91,651,258	64	14.9	2,286,457	20	9.4	44
New Jersey	4,586,413	4	1.5	54,272	2	1.5	2
New Mexico	22,374,715	71	33.1	1,526,716	100	33.4	-29
New York	104,669,720	40	14	1,501,288	28	4.3	12
North Carolina	9,719,223	7	2.0	181,603	4	1.0	3
Pennsylvania	37,414,533	23	13	764,879	9	3.1	14
Tennessee	N/A	N/A	0.0	332,685	50	3.2	N/A
Texas	262,962,462	58	15.3	2,117,147	18	2.4	40
Total	826,854,095	46	13.0	20,951,304	32	5.5	14

Philanthropy

For charters, philanthropic giving accounts for much of the non-public revenue they receive (Table 5). Consistent with popular conceptions, charter schools receive more philanthropic funds than TPS on a per-pupil basis. While charters receive about \$264 per pupil from philanthropy, TPS only receive \$18 per pupil. In the end, philanthropic support makes up nearly half of the non-public revenues that charters receive, whereas philanthropic support only accounts for about 5% of non-public revenue for TPS.

However, some additional context is warranted here. The low per-pupil philanthropy amount for TPS is primarily driven by the large student enrollments in district-run schools. As shown in the last row of Table 5, TPS receive more philanthropic funds than charters in an absolute sense. The \$331 million in philanthropic funds that TPS receive is almost double the \$173 million that charter schools are given from charitable organizations. The much larger student enrollment in TPS masks this fact when comparing philanthropic revenues on a per-pupil basis. Unlike other sources of non-public revenues, philanthropic dollars come from a relatively finite pool of resources. And of the finite amount of

philanthropic funds that are available, TPS get a larger share than charters.

Hawaii TPS have the highest average per-pupil revenue from philanthropy, with \$95. New Mexico is a distant second at \$37. The lowest average is New Jersey, at \$0, while Delaware and Tennessee have insufficient information on this sub-category for us to make a clear determination of the average per-pupil amount of philanthropic revenue received by TPS.

Tennessee has the highest average per-pupil revenue from philanthropy in their charter sector, with \$1,387, edging out Hawaii, which has \$1,230. The lowest average is New Jersey, at \$74, while Delaware has insufficient information on this sub-category to make a clear determination of the average per-pupil amount of philanthropic revenue received by their charters.

The largest difference across the TPS and charter sectors in per-pupil revenues from philanthropy that we are able to determine is \$1,135 more for charters than TPS in Hawaii. The smallest differential across the sectors is in Pennsylvania, with \$64 more per-pupil in philanthropic revenue received by charters.

Table 5. Non-Public Revenue from Philanthropy/Fundraising

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	
Colorado	19,956,059	27	4.5	16,235,615	225	23.7	-198
Delaware	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hawaii	16,853,573	95	17.1	10,091,855	1,230	78.1	-1,135
Idaho	2,454,226	9	3.3	3,577,140	222	48.5	-213
Indiana	28,546,646	28	4.0	3,526,535	158	25.2	-130

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Non-Public Revenue (%)	
Louisiana	7,797,200	12	6.2	10,891,817	302	69.9	-290
Massachusetts	26,893,419	30	7.5	20,391,668	723	56.5	-693
Michigan	40,564,774	28	6.6	12,643,065	112	52.1	-84
New Jersey	19,922	0	0.0	1,718,034	74	47.5	-74
New Mexico	11,553,771	37	17.1	2,179,277	143	47.7	-106
New York	55,555,194	21	7.4	25,793,590	481	74.1	-460
North Carolina	16,138,410	12	3.4	3,480,406	85	18.9	-73
Pennsylvania	21,917,534	13	7.6	6,933,978	77	27.8	-64
Tennessee	N/A	N/A	N/A	9,234,836	1,387	89.6	N/A
Texas	82,782,588	18	4.8	46,145,611	387	51.9	-369
Total	331,033,316	18	5.2	172,843,427	264	45.6	-246

Finding 4: Philanthropic Revenue Varies Dramatically Within the Charter School Sector

To gain a better understanding of the role that philanthropic support plays in the charter sector, it is also worthwhile to compare philanthropic giving within the charter school sector alone, where it represents a substantial portion of per-pupil revenues. This allows us to assess equity in the distribution of philanthropy among charters instead of between charters and TPS. To do this, we examine charter schools within a particular state to determine if each charter receives an equitable share of philanthropic funds or if philanthropic giving is clustered among a small set of charter schools. In other words, do funders that donate to public charter schools spread the money around or pick opportunistically? The answer to that question bears on whether we might expect private philanthropy to be a mechanism for generating more or less equity in school-level funding.

About one third of charter schools in the study recorded no philanthropic support of any kind. This straightforward observation immediately suggests that philanthropic giving is not evenly distributed across all charter schools.

To further explore this issue, we divide charter schools in each state into separate quartiles based upon the total amount of philanthropic revenue that they receive. That is, the top quarter of charter schools that receive the most philanthropic revenue within a particular state are placed into quartile 1. The next quarter of charter schools that receive the most funding are placed into quartile 2, and so on until quartile 4, which consists of the 25% of charter schools in each state that receive the least amount of philanthropic revenue. If philanthropic dollars were evenly distributed to all charter schools within a state, then philanthropic revenue would be equal across all four quartiles, suggesting that all charter schools within a state receive the same share of all philanthropic dollars that were given.

The data, however, tell a different story, as depicted in Table 6. For instance, in Colorado, charter schools in the top quartile (quartile 1) receive an average of \$366 per pupil from philanthropic giving. Averages decrease dramatically to \$45, \$1, and \$0 for the charter schools in the lower three quartiles, respectively. In addition, note that Colorado charter schools that are receiving the most per-pupil philanthropic revenue comprise nearly 60% of total charter enrollment in the state. Yet these 60% of Colorado charter students are receiving over 95% of the philanthropic funds given to all charter schools in the state. Consider other states such as New Jersey where 28% of charter

school students receive all of the total philanthropic funds given to New Jersey charter schools. The last row of Table 6 and Figure 3 show the distribution of philanthropic revenue across all charter schools in the 15 states included in this report. About 95% of all philanthropy supports the top quartile of schools, which enroll only one third of all charter school students in our sample.

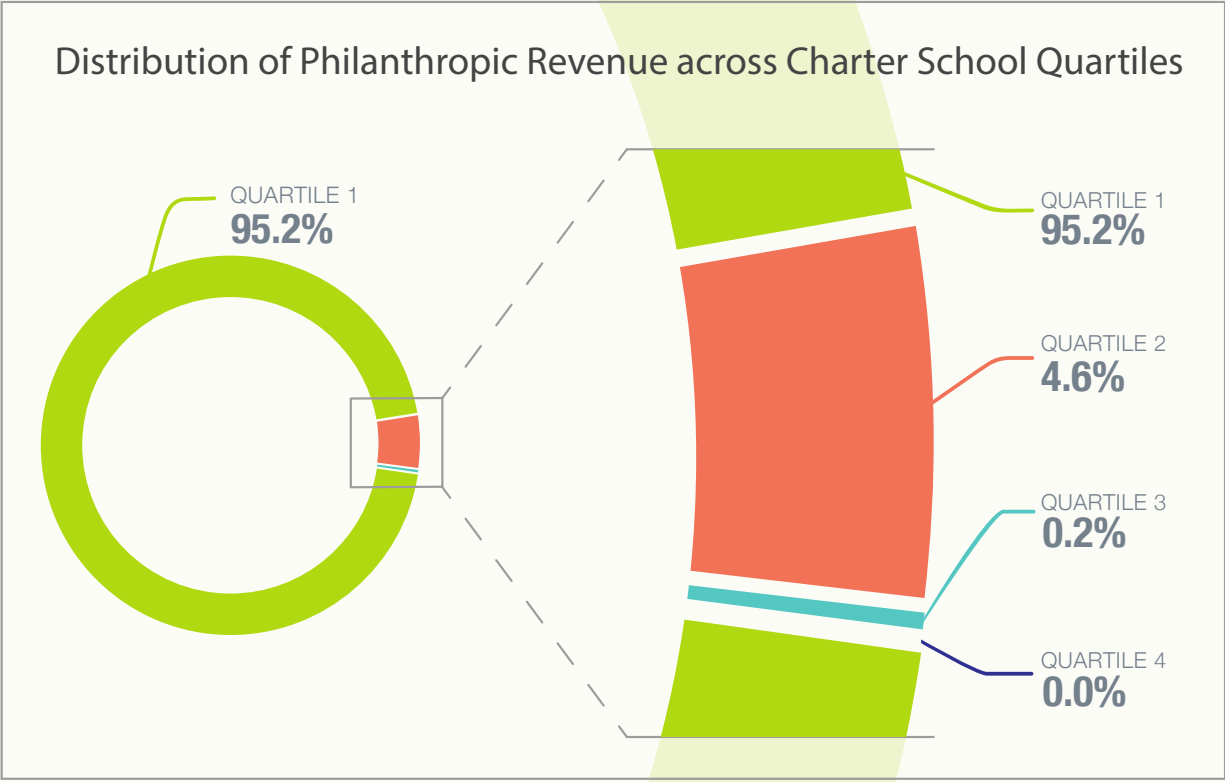
For an analysis of the distribution of philanthropic funds to charter schools in specific metropolitan areas, see Appendix B.

Table 6. Distribution of Philanthropic Revenue across Charter School Quartiles

Quartile	Per Pupil Revenue (\$)				Percentage of Total Enrollment (%)				Percentage of Philanthropic Revenue (%)				Percentage of Total Revenue Comprising of Philanthropy
	1	2	3	4	1	2	3	4	1	2	3	4	
Colorado	366	45	1	0	58.7	22.2	13.7	5.4	95.4	4.5	0.1	0	2.6
Delaware	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hawaii	3,011	1,326	127	2	31.8	188.0	19.5	30.0	77.7	20.2	2.0	0.0	11.6
Idaho	421	291	325	0	26.9	22.5	13.5	37.1	50.9	29.4	19.8	0.0	3.7
Indiana	659	71	6	0	21.4	21.1	31.8	25.8	89.3	9.5	1.2	0.0	1.8
Louisiana	826	253	18	2	30.0	19.0	27.6	23.4	82.3	15.9	1.7	0.0	2.7
Massachusetts	3,099	319	92	5	19.7	27.3	26.2	26.8	84.4	12.1	3.3	0.0	5.2
Michigan	385	19	0	0	28.4	17.0	27.0	27.7	97.1	2.9	0.0	0.0	1.2
New Jersey	264	0	0	0	28.0	19.6	26.6	25.9	100.0	0	0.0	0.0	0.5
New Mexico	595	30	7	0	22.2	29.3	26.3	22.2	92.5	6.2	1.3	0.0	1.4
New York	1,702	259	55	1	24.1	25.6	21.0	29.4	84.0	13.6	2.4	0.0	3.0
North Carolina	230	29	6	0	32.9	26.3	17.7	23.1	89.8	9.1	1.2	0.0	1.0
Pennsylvania	328	25	1	0	22.0	19.1	20.4	38.5	93.7	6.1	0.2	0.0	0.6
Tennessee	3,409	755	173	4	33.9	27.0	15.7	23.4	83.2	14.7	2.0	0.0	13.0
Texas	845	15	0	0	45.4	21.2	18.9	14.4	99.2	0.8	0.0	0.0	3.6
Total	788	57	3	0	32.4	21.7	21.9	24.0	95.2	4.6	0.2	0.0	2.5

Note: Per pupil revenues can be higher in lower philanthropy quartiles due to enrollment sizes. Larger shares of students in lower quartiles offset higher total philanthropic revenues when philanthropic revenues are measured on a per pupil basis.

Figure 3.



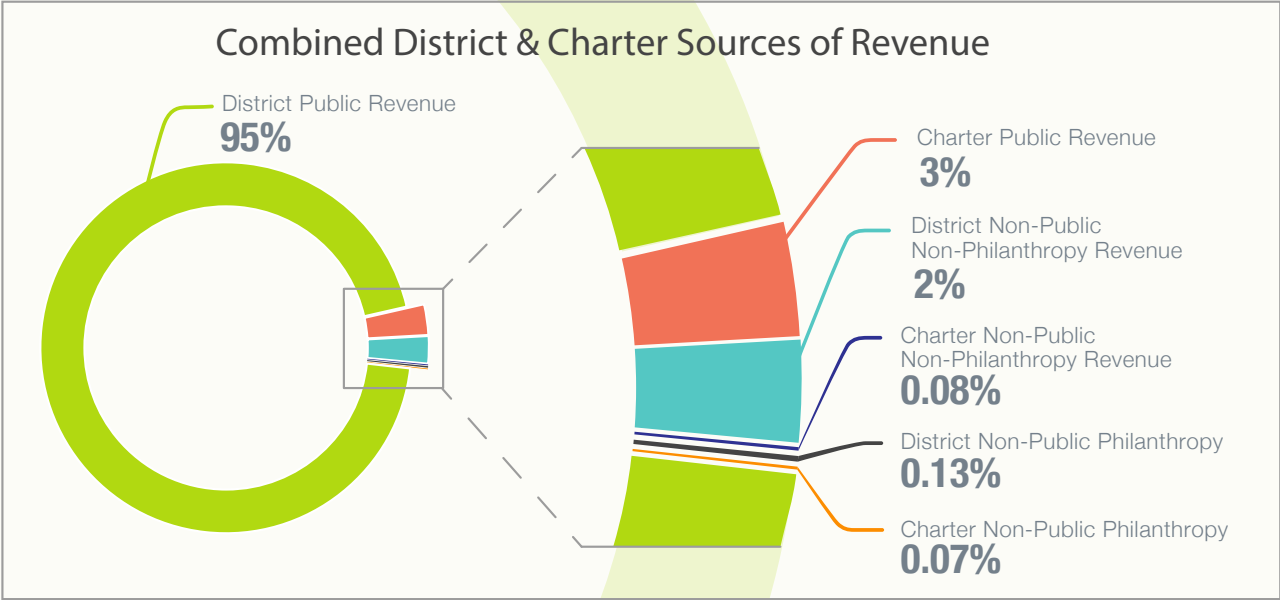
Finding 5: Philanthropic Revenue Accounts for a Small Share of Total School Revenues Even for Charters

Philanthropic dollars do not account for much of the total revenues received by public charter schools. As shown in the last column of Table 6, philanthropic revenue accounts for less than 5% of total revenues in most states out of our 15-state sample. Furthermore, philanthropic revenue only accounts for 2.5% of total revenues given to all charter schools in the 15-state sample.

The reality is that public schools, whether TPS or charter, generally live or die financially based on the revenues they receive from public sources. As shown in Figure 4, a whopping 95% of all revenues

received by public schools in our 15-state sample was public-source revenue received by traditional public schools. Only 3% of the total revenues were public-source revenue received by public charter schools. Another 2% of total school revenues were non-public non-philanthropic revenue received by TPS, generally in the form of food service compensation, miscellaneous non-public revenue, or investment revenue. An almost imperceptible fraction of total school revenues in our study were in the form of TPS philanthropic funds, charter non-public non-philanthropic funds, or charter philanthropic funds. The discussion of charter school philanthropy is not exactly much ado about nothing, but it is much ado about surprisingly little.

Figure 4.



Discussion and Conclusion

This report aimed to thoroughly describe the sources of non-public revenues for charter schools and TPS by examining revenue streams across 15 states. We summarize five main findings here:

First, TPS and charters receive nontrivial amounts of non-public revenue in raw dollars: over \$6 billion for the TPS and nearly \$400 million for the public charter schools in the 15 states in our sample. Little is known, until now, about where those billions of public education dollars come from and how equally they are distributed between TPS and charters and across individual schools within the charter school sector.

Second, for most states in our sample (12), the charter sector received more per-pupil revenue from non-public sources than the TPS sector; however, for three states, TPS received more per-pupil non-public funds

than charters. In the larger sample of 30 states and the District of Columbia that we were able to use for our revenue study, the split was much more equal, so that charters and TPS in that larger sample had almost identical levels of funding from non-public sources (Batdorff et al. 2014). Therefore, it is not always the case that public charter schools receive more per-pupil funding from non-public sources than do TPS.

Third, the specific sources of non-public revenue vary across the different public school sectors. Traditional public schools receive most of their non-public revenues from cafeteria receipts, miscellaneous sources that cannot be further specified, and investment revenue. Charters receive most of their non-public revenues from philanthropy and miscellaneous sources that also cannot be further classified.

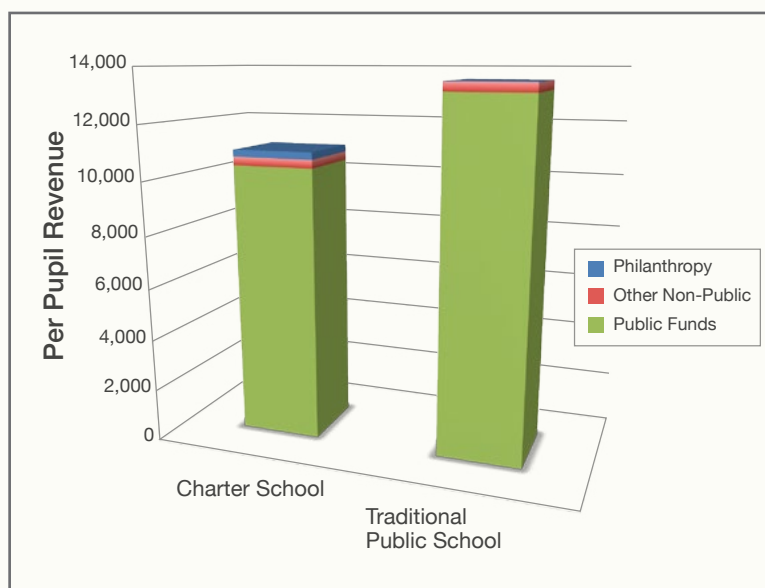
Fourth, charter school philanthropy follows a highly skewed distribution. One third of the charter schools in our study received no philanthropic funds whatsoever. A total of 95% of all charter school philanthropy was directed at schools that enrolled just one-third of all charter students in our 15-state sample. As we might expect, philanthropic dollars are attracted to particular public charter schools and are not spread at all evenly across the charter sector. Whether that is a good thing or a bad thing, surprising or logical, depends upon one's normative views on school funding equity and the role of private foundations.

Finally, though philanthropy accounts for nearly half of all non-public revenues for charter schools, it only accounts for 2.5% of all charter revenues. Thus, charter schools are overwhelmingly dependent on public revenue to operate and most of them cannot count on charitable donations to make up discrepancies in the public funding of charters and TPS such as those that we have documented in our revenue studies (Thomas B. Fordham Institute 2005; Batdorff et al. 2010; Batdorff et al. 2014).

To put further perspective on this finding, we present a stacked bar graph of the funding sources for TPS and charters in Figure 5. As indicated by the red bars, charters and TPS receive approximately the same amount of non-public funds from sources besides philanthropy. As indicated by the blue bars, charters receive much more funding on a per-pupil basis from philanthropy than TPS. However, philanthropy alone is nowhere near making up for the disparity in total per-pupil revenues between charters (\$10,922)

and TPS (\$13,628), which are driven by disparities in access to public revenues — in particular, local revenues. Excluding philanthropy, TPS receive about \$2,952 more per-pupil than charters. As mentioned earlier, charter schools receive \$246 more than TPS per-pupil in philanthropic support, which makes up less than 9% of the total funding gap.

Figure 5: Sources of Charter and TPS Revenues



In sum, we have learned much from this first-ever detailed study of non-public revenues in public charter and traditional public schools. Contrary to popular conceptions, philanthropy fails to rectify funding inequities between charters and TPS and even contributes to funding inequities among charter schools. Ultimately, philanthropy alone can neither be a substitute for equity in public funding nor the sole solution to close the total revenue gap between charters and TPS. If children in public charter schools are to receive funding levels that are equitable to their peers in TPS, significant changes will have to be made in the school funding laws in many states.

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Appendix A: Other Sources of Non-public Revenues

This appendix details other sources of non-public revenues for TPS and charters. We choose to present them here rather than in the main body of the report as they make up a smaller share of non-public revenue sources. Though miscellaneous revenue for TPS and charters make up large proportions of non-public revenue sources for each sector, much of the miscellaneous revenue consists of investment revenue, philanthropy, and other categories that we have already and in all likelihood disaggregated.

Non-Public Tuition

There is a predominant perception that public schools do not charge their students tuition to attend public schools. Indeed, this is the case for the vast majority of public schools. However, it is incorrect to state that no public schools charge tuition. Some traditional public schools, for instance, charge tuition to families who attend the school but live outside of its attendance area. Charter schools and traditional public schools could also generate student fees from summer school tuition.

The amount of revenue that charters and TPS receive from tuition is low. Overall they receive \$18 and \$14 per-pupil, respectively. These sums represent at most 4% of the total revenues that they receive from non-public sources. Non-public tuition figures for the 15-state sample are displayed in Table A1.

Table A1: Non-Public Revenue from Non-Public Tuition

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	
Colorado	65,653,328	89	14.7	7,329,300	102	10.7	-13
Delaware	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hawaii	1,805,584	10	1.8	N/A	N/A	N/A	N/A
Idaho	4,048,176	15	5.5	70,151	4	1.0	11
Indiana	8,753,266	9	1.2	22,233	1	0.2	8
Louisiana	15,157,593	24	12.1	108,715	3	0.7	21
Massachusetts	3,342,085	4	0.9	N/A	N/A	N/A	N/A
Michigan	18,757,554	13	3.0	80,265	1	0.3	12
New Jersey	21,310,723	16	6.9	N/A	N/A	N/A	N/A
New Mexico	455,780	1	0.7	47,803	3	1.0	-2
New York	21,301,088	8	2.8	N/A	N/A	N/A	N/A
North Carolina	70,593,733	51	14.7	3,835,340	93	20.8	-42
Pennsylvania	21,852,154	13	7.6	286,703	3	1.1	10
Tennessee	N/A	N/A	N/A	71,892	11	0.7	N/A
Texas	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	253,031,064	14	4.0	11,852,402	18	3.1	-4

Non-Public Transportation Services

Traditional public schools typically provide transportation services to transport their students to and from school. These services are financed by state and local dollars. Charter schools, on the other hand, less frequently provide transportation services, and many receive no public revenue to do so. Nonetheless, TPS and charter schools do receive some non-public revenues from transportation services. Revenue may be generated by students who pay out of pocket to utilize transportation services to travel to and from school. Students may also be charged fees for transportation related to other extracurricular activities such as field trips and sporting events.

Ultimately, non-public transportation accounts for very little of non-public revenue for charter and TPS. As shown in Table A2, schools in many states do not receive any such revenue. TPS and charter schools receive only \$2 and \$1 and one dollar per-pupil from non-public transportation services, respectively. These totals amount to less than 1% of the non-public revenues that schools in each sector receive.

Table A2: Non-Public Revenue from Non-Public Transportation Services

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	
Colorado	8,115,308	11	1.8	716,611	10	1.0	1
Delaware	0	0	0.0	0	0	0.0	0
Hawaii	2,724,418	15	2.8	0	0	0.0	15
Idaho	1,533,718	6	2.1	2,012	0	0.0	6
Indiana	314,349	0	0.0	13,576	1	0.1	0
Louisiana	0	0	0.0	0	0	0.0	0
Massachusetts	679,137	1	0.2	0	0	0.0	1
Michigan	10,419,266	7	1.7	130,909	1	0.5	6
New Jersey	19,027,837	15	6.2	0	0	0.0	15
New Mexico	0	0	0.0	0	0	0.0	0
New York	0	0	0.0	0	0	0.0	0
North Carolina	0	0	0.0	0	0	0.0	0
Pennsylvania	0	0	0.0	0	0	0.0	0
Tennessee	0	0	0.0	0	0	0.0	0
Texas	0	0	0.0	0	0	0.0	0
Total	42,814,033	2	0.7	863,108	1	0.2	1

Program Revenue

Charter schools and TPS frequently sponsor extracurricular activities such as sports and performing arts. These activities often generate revenue from participation fees or admission fees for events associated with them. Customary events such as prom and school dances also charge admission fees.

Revenues from program revenue are shown in Table A3. Like investment revenue, some states report no program revenue, but this does not signify that these states have no program revenue. Rather, program revenue is reported under the miscellaneous revenue category per the revenue reporting requirements for each state. Charter schools receive \$26 per pupil in program revenue, while TPS receive \$10 less or \$16 per pupil. Program revenue comprises about 4% of non-public revenue for both charters and TPS.

Table A3: Non-Public Revenue from Program Income

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	
Colorado	159,157,642	215	35.7	5,999,359	83	8.8	132
Delaware	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hawaii	472,575	3	0.5	N/A	N/A	N/A	N/A
Idaho	N/A	N/A	N/A	412,406	26	5.6	N/A
Indiana	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Louisiana	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Massachusetts	2,421,193	3	0.7	4,090,041	145	11.3	-142
Michigan	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New Jersey	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New Mexico	3,938,675	13	5.8	219,306	14	4.8	-1
New York	N/A	N/A	N/A	N/A	N/A	N/A	N/A
North Carolina	7,341,582	5	1.5	N/A	N/A	N/A	N/A
Pennsylvania	25,617,340	15	8.9	2,625,411	29	10.5	-14
Tennessee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Texas	93,744,490	21	5.5	3,370,559	28	3.8	-7
Total	292,693,497	16	4.6	16,717,082	26	4.4	-10

Rental Revenue

Schools often lease their facilities and equipment to other community groups or non-public organizations. These agreements generate rental revenue for schools.

Data for rental revenue are shown in Table A4. Among 10 out of the 15 states in our analysis, TPS generate more rental revenue on a per-pupil basis than charter schools. However, charter schools in Colorado, Massachusetts, and New Jersey generate much more rental revenue on a per-pupil basis than TPS within their respective states. Because of these three outlier states, charter schools receive over three times more rental revenue than TPS within our 15-state sample. On average, charters receive \$47 per pupil in rental revenue, representing about 8% of their non-public revenue. TPS, in contrast, receive only \$11 per pupil from rental revenue on a per-pupil basis, representing about 3% of their non-public revenues.

Table A4: Non-Public Revenue from Rental Revenue

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	
Colorado	13,761,909	19	3.1	18,591,080	258	27.1	-239
Delaware	702,755	6	1.3	14,960	2	0.1	4
Hawaii	1,631,153	9	1.7	0	0	0.0	9
Idaho	1,515,075	6	2.1	69,158	4	0.9	2
Indiana	12,328,434	12	1.7	49,944	2	0.4	10
Louisiana	2,651,276	4	2.1	119,820	3	0.8	1
Massachusetts	2,989,923	3	0.8	6,108,616	217	16.9	-214
Michigan	33,799,269	23	5.5	1,691,192	15	7.0	8
New Jersey	2,499,981	2	0.8	1,820,452	78	50.3	-76
New Mexico	4,593,517	15	6.8	75,478	5	1.7	10
New York	44,674,407	17	6.0	0	0	0.0	17
North Carolina	6,597,224	5	1.4	272,321	7	1.5	-2
Pennsylvania	23,242,213	14	8.1	802,455	9	3.2	5
Tennessee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Texas	47,834,477	10	2.8	1,069,918	9	1.2	1
Total	198,821,613	11	3.1	30,685,394	47	8.1	-36

Enterprise/Community Services

Enterprise/Community Services represent programs that do not support the student population directly. Adult education programs fall into this category, as does charging community members to use a school's pool, or fees for driver's education courses when a school does not provide that course as part of the curriculum.

As shown in Table A5, charters and TPS receive approximately the same amount of per-pupil revenue from enterprise and community services. Although both school sectors receive about \$14 per pupil from this source of non-public revenue, enterprise and community services make up about 4% of total non-public revenues for traditional public schools but less than 3% of total non-public revenues for charter schools.

Table A5: Non-Public Revenue from Enterprise/Community Services

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	
Colorado	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Delaware	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hawaii	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Idaho	1,124,347	4	1.5	69,525	4	0.9	0
Indiana	-14,856	0	0.0	2,833	0	0.0	0
Louisiana	1,554,723	2	1.2	675,551	19	4.3	-17
Massachusetts	N/A	N/A	N/A	N/A	N/A	0.0	N/A
Michigan	165,290,032	115	26.8	2,313,201	21	9.5	94
New Jersey	N/A	N/A	N/A	N/A	N/A	0.0	N/A
New Mexico	N/A	N/A	N/A	N/A	N/A	0.0	N/A
New York	N/A	N/A	N/A	N/A	N/A	0.0	N/A
North Carolina	N/A	N/A	N/A	N/A	N/A	0.0	N/A
Pennsylvania	9,992,761	6	3.5	863,361	10	3.5	-4
Tennessee	N/A	N/A	N/A	N/A	N/A	0.0	N/A
Texas	83,448,980	18	4.9	5,858,935	49	6.6	-31
Total	261,395,987	14	4.1	9,783,407	14	2.6	0

Miscellaneous Revenue

The Miscellaneous revenues category includes all non-public revenues not classified in the other designated categories in this report. For instance, some states reported refunds of prior year expenses, judgements, revenues from fines and penalties, insurance reimbursements and disposition of assets. Many of these individual revenue sources, while identifiable, represented too small a proportion of total non-public revenue to warrant their own category. In addition, due to limitations in state accounting specificity, some revenues that otherwise would have fallen into other categories may be classified as miscellaneous. Much of this is due to differences in reporting requirements across states. For example, as demonstrated earlier with investment revenue and program revenue, some states report these sources of revenue as standalone categories while others aggregate them under a miscellaneous revenue category. As shown in Table A6, miscellaneous revenue represents about one third and one quarter of total non-public revenue for TPS and charter schools respectively.

Table A6: Miscellaneous Non-Public Revenue

State	TPS			Charter			Difference in Per-Pupil Dollars (TPS - Charter)
	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	Total Revenue (\$)	Per Pupil Revenue (\$)	Percent of Nonpublic Revenue (%)	
Colorado	37,098,735	50	8.3	9,968,986	138	14.5	-88
Delaware	52,009,426	440	92.8	14,540,462	1,527	98.4	-1087
Hawaii	19,845,362	111	20.1	2,836,637	346	21.9	-235
Idaho	31,428,995	120	42.6	2,490,937	155	33.7	-35
Indiana	331,040,516	327	46.9	6,762,144	302	48.3	25
Louisiana	10,849,173	17	8.7	2,241,043	62	14.4	-45
Massachusetts	135,664,210	151	37.6	1,765,711	63	4.9	88
Michigan	64,901,035	107	30.7	1,994,931	209	46.6	-102
New Jersey	261,797,731	201	84.7	23,437	1	0.6	200
New Mexico	1,767,968	6	2.6	287,806	19	6.3	-13
New York	217,190,219	82	29.0	5,950,187	111	17.1	-29
North Carolina	147,935,736	107	30.7	8,581,963	209	46.6	-102
Pennsylvania	147,724,267	89	51.3	12,078,133	134	48.4	-45
Tennessee	170,999,380	181	58.7	623,865	94	6.1	87
Texas	518,497,800	114	30.3	25,431,879	213	28.6	-99
Total	2,148,750,555	119	33.7	95,578,120	146	25.2	-27

Appendix B: The Distribution of Philanthropic Revenue to Charters in Specific Metropolitan Areas

We also analyze philanthropic giving to charters within 22 major metropolitan areas. Appendix Table B1 first provides some context. The first two columns depict what percentage of the state's charter schools and charter-school enrollment is located in each respective metropolitan area. For instance, 50% of Colorado charter schools are located in the Denver area and serve about 12% of all Colorado charter school students. As shown in the last column, these metropolitan areas, on average, consist of 50% of their respective state's charter schools and serve nearly 50% of their respective state's charter school students. Table B1 also shows the amount of philanthropic revenue received by each metropolitan area as a percentage of all philanthropic revenue received by charters within the state. Consider again Denver, CO. Per column 3 of the table, charter schools in Denver receive 10% of all philanthropic revenues provided to the state of Colorado. These philanthropic revenues represent approximately 0.3% of all revenue that Denver charter schools receive. In all, charter schools in these metropolitan areas receive, on average, about two-thirds of all (67.6%) of all philanthropic revenues directed to their respective states. This philanthropic revenue represents about 1.7% of all revenues that these charter schools receive. Overall, only two out of the 22 metropolitan areas in this analysis have charter schools where philanthropic giving makes up over 3% of total revenue.

Table B1. Metropolitan Area Summary Statistics

Area	Percentage of State's Charter Schools Located in Area (%)	Percentage of State's Charter School Enrollment (%)	Philanthropy Received as a Percentage of Total Philanthropy Received by the State's Charters (%)	Percent of Total Revenue comprising of Philanthropy (%)
Albany, NY	6.8	4.6	4.9	0.1
Albuquerque, NM	59.3	65.6	50.9	0.7
Boise, ID	20.5	34.4	30.6	1.1
Boston, MA	25.4	19.7	68.2	3.5
Buffalo, NY	8.1	10.2	1.4	0.0
Dallas, TX	17.9	22.0	11.9	0.4
Davidson, TN	14.3	14.8	15.0	2.0
Denver, CO	50.0	11.8	10.4	0.3
Detroit, MI	22.9	31.1	42.7	0.5
East Baton Rouge, LA	17.6	11.1	14.9	0.4
Gary, IN	11.7	19.8	9.2	0.2
Houston, TX	20.7	25.6	51.8	1.9
Indianapolis, IN	43.3	47.0	72.7	0.6
Jersey City, NJ	9.7	11.0	4.8	0.2
New Orleans, LA	67.0	76.2	82.2	2.2
New York City, NY	72.7	70.3	90.5	2.7
Newark, NJ	20.8	27.8	94.1	0.5

Area	Percentage of State's Charter Schools Located in Area (%)	Percentage of State's Charter School Enrollment (%)	Philanthropy Received as a Percentage of Total Philanthropy Received by the State's Charters (%)	Percent of Total Revenue comprising of Philanthropy (%)
Philadelphia, PA	58.5	63.5	82.2	0.5
Pittsburgh, PA	12.7	17.2	11.6	0.1
Shelby, TN	75.0	78.1	62.6	8.2
Trenton, NJ	5.6	3.9	1.0	0.0
Wake County, NC	12.2	11.5	9.7	0.1
Total	50.0	48.9	67.6	1.7

Appendix Table B2 provides a sense of the distribution of philanthropic revenues across charter schools within each metropolitan area. Appendix Table B2 is analogous to Table 6 in the main report. Results based upon major metropolitan areas mirror the results based upon states. That is, philanthropic revenues received by charter schools are not equally distributed across charters within each metropolitan area. Certain charter school students are receiving most or, in some cases, all of the philanthropic dollars given to charter schools. For example, in Denver, Colorado, about 20% of all charter school students receive about 90% of all philanthropic support. Overall, as shown in the last row of Appendix Table B2, an average of 35% of charter school students in these metropolitan areas receive about 90% of all philanthropic revenues given to charter schools in those same respective areas.

Table B2. Distribution of Philanthropic Revenue across Charter School Quartiles by Metropolitan Area

Quartile	Philanthropic Revenue (Per-Pupil \$)				Percent of Total Enrollment (%)				Percent of Nonpublic Revenue (%)			
	1	2	3	4	1	2	3	4	1	2	3	4
Albany, NY	4,640	243	60	1	10.0	10.9	44.7	34.4	89.7	5.1	5.2	0.0
Albuquerque, NM	522	28	6	0	19.1	33.4	25.0	22.5	90.0	8.6	1.5	0.0
Boise, ID	932	186	0	0	15.2	29.9	0.0	54.9	71.8	28.2	0.0	0.0
Boston, MA	3,091	417	0	32	78.2	20.6	0.0	1.2	96.6	3.4	0.0	0.0
Buffalo, NY	0	235	77	1	0.0	22.4	18.4	59.2	0.0	78.2	21.2	0.6
Dallas, TX	557	9	0	0	37.1	26.0	27.5	9.4	98.9	1.1	0.0	0.0
Davidson, TN	2,088	\$0	77	0	66.0	0.0	34.0	0.0	98.1	0.0	1.9	0.0
Denver, CO	871	87	0	0	20.6	21.4	19.1	39.0	90.6	9.4	0.0	0.0
Detroit, MI	321	17	0	0	47.4	10.7	2.9	39.0	98.8	1.2	0.0	0.0
East Baton Rouge, LA	1,562	804	26	1	19.7	10.9	35.4	33.9	76.0	21.7	2.2	0.1
Gary, IN	852	0	2	0	8.5	0.0	42.2	49.3	98.5	0.0	1.3	0.2
Houston, TX	1,220	18	0	0	63.9	12.3	14.9	8.9	99.7	0.3	0.0	0.0
Indianapolis, IN	794	52	6	0	28.5	29.7	22.9	18.9	93.0	6.4	0.6	0.0

Quartile	Philanthropic Revenue (Per-Pupil \$)				Percent of Total Enrollment (%)				Percent of Nonpublic Revenue (%)			
	1	2	3	4	1	2	3	4	1	2	3	4
Jersey City, NJ	202	0	0	0	16.2	16.6	41.8	25.4	100.0	0.0	0.0	0.0
New Orleans, LA	768	208	16	3	36.5	19.3	24.9	19.3	86.3	12.3	1.2	0.2
New York City, NY	1,682	269	58	2	32.1	28.7	19.6	19.6	85.8	12.3	1.8	0.1
Newark, NJ	470	0	0	0	53.2	3.8	29.1	14.0	100.0	0.0	0.0	0.0
Philadelphia, PA	369	18	1	0	26.0	19.0	17.2	37.9	96.4	3.5	0.1	0.0
Pittsburgh, PA	202	131	0	0	23.0	4.2	6.8	66.0	89.4	10.6	0.0	0.0
Shelby, TN	3,203	727	219	3	26.4	32.4	13.7	27.5	76.1	21.1	2.7	0.1
Trenton, NJ	39	0	0	0	50.9	0.0	9.9	39.3	100.0	0.0	0.0	0.0
Wake County, NC	166	25	1	0	38.9	24.8	13.7	22.7	90.9	8.8	0.2	0.0
Total	961	161	20	1	35.1	19.0	17.8	28.1	90.7	8.3	1.0	0.0

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Mr. Cheng graduated from the University of California, Berkeley with a degree in pure mathematics and became a public high school math teacher in the San Francisco Bay Area. He has since left his teaching job and is now a Ph.D. student and Distinguished Doctoral Fellow in the Department of Education Reform at the University of Arkansas. There, he conducts program evaluations and other empirical research of educational-policy-relevant issues, such as school choice. Mr. Cheng primarily studies non-test-score outcomes, such as civic values, non-cognitive skills, and long-run life outcomes for students who receive their schooling outside traditional public schools.



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